FILE COPY

Supreme Court, U.S.
FILED
OCT 16 1972
MICHAEL RODAK, JR., CLERK

IN THE

Supreme Court of the United States

OCTOBER TERM, 1972

No. 71-1192

DONALD GOLDSTEIN, RUTH KOVEN AND DONALD KOVEN, *Petitioners*,

v.

STATE OF CALIFORNIA, *Respondent*.

On Writ of Certiorari to the Appellate Department of the Superior Court of County of Los Angeles, State of California

MOTION FOR LEAVE TO FILE BRIEF AMICI CURIAE AND BRIEF AMICI CURIAE FOR AMERICAN FEDERATION OF MUSICIANS AND AMERICAN FEDERATION OF TELEVISION AND RADIO ARTISTS

HENRY KAISER
EUGENE GRESSMAN
RONALD ROSENBERG
1828 L Street, N.W.
Washington, D.C. 20036
Counsel for American Federation of Musicians.

MORTIMER BECKER
15 Columbus Circle
New York, N.Y. 10023
Counsel for American Federation of Television and Radio Artists.

September, 1972

PRESS OF BYRON S. ADAMS PRINTING, INC., WASHINGTON, D. C.

INDEX

Page

MOTION FOR LEAVE TO FILE BRIEF AMICI CURIAE 1

BRIEF AMICI CURIAE FOR AMERICAN FEDERATION OF MUSICIANS AND AMERICAN FEDERATION OF TELEVISION AND RADIO ARTISTS 5

1. The California statute, as applied to protect recordings made before February 15, 1972, presents no constitutional problem as to preemption by the federal copyright power 6

2. The nationwide and deleterious scope of unauthorized tapings of musical sound recordings fully justifies the exercise of California's police power to penalize such actions 20

CONCLUSION 26

CITATIONS

CASES:

Aro Mfg. Co. v. Convertible Top Co., 377 U.S. 476 (1964) 10

Bond Buyer v. Dealers Digest Publishing Co., 267 N.Y.S.2d 944 (1966) 19

Cable Vision, Inc. v. KUTV, Inc., 335 F.2d 348 (9th Cir. 1964), cert. denied, 379 U.S. 989 (1965) 11

Capitol Records, Inc. v. Erickson, 2 Cal. App. 3d 526 (1969), cert. denied, 398 U.S. 960 (1970) 19

Capitol Records, Inc. v. Greatest Records, Inc., 43 Misc. 2d 878, 252 N.Y.S.2d 553 (Sup.Ct. 1954) 19

C.B.S. v. DeCosta, 377 F.2d 315 (1st Cir. 1967), cert. denied, 389 U.S. 1007 (1967) 11, 18

Compco Co. v. Day-Brite Lighting, Inc., 376 U.S. 234 (1964) 10, 12, 17

Ferris v. Frohman, 223 U.S. 424 (1912) 15

Page

Flamingo Telefilm Sales, Inc. v. United Artists Corp., 141 U.S.P.Q. 461 (N.Y. Sup. Ct. 1964), rev'd on other grounds, 22 App. Div. 778, 254 N.Y.S.2d 36 (1964) 19

Gibbons v. Ogden, 9 Wheat. 1 (1824) 15

Greater Recording Co. v. Stambler, 144 U.S.P.Q. 547 (N.Y. Sup. Ct. 1965) 19

Grove Press, Inc. v. Collectors Publications, Inc., 264 F.Supp. 603 (C.D.Cal. 1967) 19

Hines v. Davidowitz, 312 U.S. 52 (1941) 8

International News Service v. Associated Press, 248 U.S. 215 (1918) 17, 18

KMLA Broadcast Corp. v. Twentieth Century Cigarette Vendors Corp., 264 F.Supp. 35 (C.D. Cal. 1967) 20

Pennsylvania v. Nelson, 350 U.S. 497 (1956) 8, 14, 15

Perez v. Campbell, 402 U.S. 637 (1971) 9

Rice v. Santa Fe Elevator Corp., 331 U.S. 218 (1947) 8, 14

Sears, Roebuck & Co. v. Stiffel Co., 376 U.S. 225 (1964) 9, 10, 11, 12, 14, 16, 17

Special Equipment Co. v. Coe, 324 U.S. 370 (1945) 16

Watson v. Buck, 313 U.S. 387 (1941) 10

MISCELLANEOUS:

17 U.S.C. § 2 10

Public Law No. 92-140, 85 Stat. 391 ..... 6, 7

Cong. Rec., Mar. 9, 1970, p. E1760 ..... 21, 22

37 C.F.R. § 202.8(b) (1967) 7

Kaplan, Performer's Right and Copyright: The Capitol Records Case, 69 Harv. L. Rev. 409 (1956) 8

IN THE

Supreme Court of the United States

OCTOBER TERM, 1972

No. 71-1192

DONALD GOLDSTEIN, RUTH KOVEN AND DONALD KOVEN, *Petitioners*,

v.

STATE OF CALIFORNIA, *Respondent*.

On Writ of Certiorari to the Appellate Department of the Superior Court of County of Los Angeles, State of California

---

MOTION FOR LEAVE TO FILE BRIEF AMICI CURIAE

The American Federation of Musicians and the American Federation of Television and Radio Artists hereby respectfully move for leave to file the attached brief *amici curiae*. Counsel for respondent has consented to the filing of this brief, but counsel for petitioners has declined to consent.

The American Federation of Musicians (AFM) is a labor organization representing more than 280,000 instrumental artists and performers. The American Federation of Television and Radio Artists (AFTRA) is a labor organization representing more than 23,000 vocal artists. Both of these organizations through their members have a direct financial interest in the basic issue presented by this case, i.e., whether the State of California may exercise its police power so as to proscribe and penalize the manufacture and sale of prerecorded tapes copied from musical sound recordings without the consent of the owners of the rights to those recordings.

Musicians who belong to the AFM and vocalists who belong to the AFTRA provide the musical talents that are the very essence of these sound records and their fees and royalties derive in large part from the legitimate sales of those recordings. To the extent that these recordings are pirated and taped without the authorization of the record manufacturers, these instrumentalists and vocalists are denied the fees and royalties that their talents demand. Moreover, a public service organization known as the Music Performance Trust Funds sponsors free public concerts throughout the United States and Canada; its income is derived from payments from the record manufacturers based upon legitimate record sales. Thus to the extent that these Funds are denied payments because of the improper diversion of sales of legitimate recordings to sales of unauthorized tapes and to the extent that the Funds are thereby unable to provide such public concerts, the AFM members who perform in those concerts are denied the fees and income they normally derive therefrom.

In denying consent to the filing of the attached *amici curiae* brief, counsel for the petitioners has stated to counsel for *amici curiae* that he could "see no purpose in your proposed brief in that the question to be decided by the Court deals with sound recordings fixed or published prior to February 15, 1972" and thus "whatever interest your union clients may have in prospective recordings, they would not seem to have any substantial interest in recordings which have already been fixed or published." Letter, dated July 10, 1972. Such a contention is unfounded.

This case does involve the unauthorized taping of sound recordings fixed or published prior to February 15, 1972, the effective date of the new federal statute granting interim copyright protection to sound recordings. But the *amici curiae* continue to have a direct and substantial interest in the unauthorized tapings of these earlier sound recordings. Fees, royalties and payments received by the members of the *amici curiae* are of a continuing nature, being dependent in large part on continuing sales of sound recordings that often occur for years after their original publication.

The petitioners have been charged with making and selling unauthorized tapes during an 11-month period preceding March 3, 1971. While precise figures are unavailable, during that period the AFM estimates that its members lost nearly $10,000,000 in fees and royalties because of such unauthorized tapes; the AFTRA estimates that its members lost nearly $7,000,000 in royalties; and the Music Performance Trust Funds estimates its loss of payments that would otherwise have been made by the record manufacturers in the millions of dollars, much of which would have been disbursed to AFM members performing the free pub-

lic concerts. Such losses, stemming from the pre-February 15, 1972, recordings, continue to this day.

Precisely because this case does involve only those unauthorized tapes of recordings made prior to February 15, 1972, the *amici curiae* desire to emphasize to this Court in the attached brief the narrow but critical constitutional considerations that they believe should govern the decision in this case. They also desire to present a few policy considerations that they suggest the Court should take into account. While these matters are necessarily encompassed by the brief of the respondent State of California, the *amici curiae* believe that their restatement and refinement in the attached brief can be of some assistance to this Court in resolving the important constitutional issue at stake.

Accordingly these *amici curiae* request permission to file the attached brief in support of the respondent State of California.

Respectfully submitted,

HENRY KAISER
EUGENE GRESSMAN
RONALD ROSENBERG
1828 L Street, N.W.
Washington, D.C. 20036

Counsel for American Federation of Musicians.

MORTIMER BECKER
15 Columbus Circle
New York, N.Y. 10023

Counsel for American Federation of Television and Radio Artists.

September, 1972.

IN THE

Supreme Court of the United States

OCTOBER TERM, 1972

No. 71-1192

DONALD GOLDSTEIN, RUTH KOVEN AND DONALD KOVEN, *Petitioners*,

v.

STATE OF CALIFORNIA, *Respondent*.

On Writ of Certiorari to the Appellate Department of the Superior Court of County of Los Angeles, State of California

---

BRIEF AMICI CURIAE FOR AMERICAN FEDERATION OF MUSICIANS AND AMERICAN FEDERATION OF TELEVISION AND RADIO ARTISTS

The *amici curiae* fully support the position and the arguments set forth in the brief of the respondent State of California. And, additionally, they agree with and adopt the policy and constitutional considerations contained in the *amicus curiae* brief that the Recording Industry Association of America, Inc., has sought leave to file herein.

But there are certain considerations, both of a constitutional and a policy nature, that these *amici curiae* wish to refine and emphasize. From the viewpoint of these *amici curiae,* these considerations should be dispositive of the case and lead to an affirmance of the judgment below.

1. The California statute, as applied to protect recordings made before February 15, 1972, presents no constitutional problem as to pre-emption by the federal copyright power.

The narrow and sole constitutional question posed by this case concerns the police power of the State of California to proscribe and penalize the manufacture and sale of unauthorized tapings of musical recordings that were fixed prior to February 15, 1972—the effective date of the recent extension of federal copyright protection for the first time to sound recordings (85 Stat. 391). The petitioners were charged with and convicted of making and selling unauthorized tapes during the 11-month period preceding March 3, 1971. App. 15-23. Thus there can be no question here as to the pre-emptive impact of the new and subsequent federal statute on the application of the California statute (Cal. Penal Code § 653h).[1] The only question presented by the facts of this case is whether, at a time when no federal copyright protection was available for musical recordings, the unexercised federal copyright power somehow precluded and pre-empted the California criminal provision.

---

[1] Section 3 of this recent amendment to the Copyright Act expressly states that it shall not "be applied retroactively or be construed as affecting in any way any rights with respect to sound recordings fixed before the effective date of this Act [February 15, 1972]." Public Law No. 92-140, 85 Stat. 391 (Oct. 15, 1971).

The critical constitutional fact in this case is that at the time when petitioners pirated the sound recordings Congress had not placed sound recordings within the ambit of its copyright protection. The federal Copyright Act dates back to 1909. But at no time prior to 1972—and certainly not during the period of petitioners' challenged activities—had the Copyright Act been made applicable to sound recordings. See 37 C.F.R. § 202.8(b) (1967). Until Congress enacted Public Law No. 92-140, 85 Stat. 391, on October 15, 1971, Congress simply had not exercised its constitutional power under Art. I, Sec. 8, cl. 8, to place phonograph or sound recordings under the umbrella of copyright protection.

That fact has several important implications as to the basic constitutional issue that petitioners have here raised. Essentially the claim is that the California statute in question, Section 653h, by outlawing the transfer of sounds recorded on phonograph records without the owners' consent and for profit, somehow invades an area pre-empted by the Copyright Clause of the Constitution and hence must fall by virtue of the Supremacy Clause.

But the failure of Congress to exercise its undoubted power to accord copyright status to published sound recordings drains all strength from this assertion. During the 11-month period preceding March 3, 1971, which is the only period made relevant by the facts of this case, Congress had not taken any action to pre-empt the field as to sound recordings. And it has long been established that the supremacy or pre-emption concept does not apply to matters that are constitutionally within the power of Congress but have not been subjected to that power, at least where the

matter otherwise lies within the constitutional competence of state police power.[2]

This Court has made it clear that supersession is normally not to be decreed unless Congress acts and unless at least one of the following tests has been met:

(1) The scheme of federal regulation must be "so pervasive as to make reasonable the inference that Congress left no room for the States to supplement it." *Rice* v. *Santa Fe Elevator Corp.*, 331 U.S. 218, 220 (1947).

(2) The federal statutes must "touch a field in which the federal interest is so dominant that the federal system [must] be assumed to preclude enforcement of state laws on the same subject." *Ibid.*

(3) Enforcement of the state laws must present "a serious danger of conflict with the administration of the federal program." *Pennsylvania* v. *Nelson*, 350 U.S. 497, 505 (1956). As Mr. Justice Black noted for the Court in *Hines* v. *Davidowitz*, 312 U.S. 52, 67 (1941), while "[t]his Court, in considering the validity of state laws in the light of treaties or federal laws touching the same subject, ha[d] made use of the fol-

[2] "In general the mere vesting of a power in Congress does not operate to exclude state regulation of the field. There are indeed exceptional cases where the history or intrinsic purpose of a constitutional grant to Congress compels the conclusion that particular state regulation is excluded even though Congress has not acted, but it is doubtful whether the present case [the protection of musical performers' rights] warrants such treatment. After all, it is always open to Congress to step in and assert its control if it is dissatisfied with the state regulation." Kaplan, Performer's Right and Copyright: The Capitol Records Case, 69 Harv. L. Rev. 409, 420-421 (1956).

lowing expressions: conflicting; contrary to; occupying the field; repugnance; difference; irreconcilability; inconsistency; violation; curtailment; and interference ... [i]n the final analysis," the Court's function is to determine whether the challenged state statute "stands as an obstacle to the accomplishment and execution of the full purposes and objectives of Congress."

This Court recently observed in *Perez* v. *Campbell*, 402 U.S. 637, 649 (1971), that these tests and articulation of the meaning of the Supremacy Clause have frequently been adhered to by the Court. And among the instances cited in *Perez* where the Supremacy Clause has been so construed was *Sears, Roebuck & Co.* v. *Stiffel Co.*, 376 U.S. 225, 229 (1964), the leading patent-copyright case, where Mr. Justice Black wrote for the Court that "When state law touches upon the area of these federal [patent or copyright] statutes, it is 'familiar doctrine' that the federal policy 'may not be set at naught, or its benefits denied' by the state law."

The foregoing criteria must therefore be examined and utilized in determining whether, at a time when no federal copyright protection was available for sound recordings, the Supremacy Clause operated to make the unexercised federal power supreme. The *amici curiae* suggest that these criteria, as applied to the facts of this case, compel a negative answer to that inquiry.

To begin with, there is nothing in the nature of copyrights as such that makes all conceivable subjects and all conceivable aspects thereof the exclusive domain of the Federal Government, constitutionally speaking. While copyrights, like patents, can be and are con-

trollable by Congress so as to promote "the constitutional plan of a competitive economy," *Aro Mfg. Co.* v. *Convertible Top Co.*, 377 U.S. 476, 572 (1964), there has never been any indication from Congress that the effectuation of that constitutional plan demands the exclusion of all state efforts to regulate or control copyright and patent matters that Congress has either excluded from its control or refrained from imposing any control. Indeed, in 17 U.S.C. § 2, Congress has expressly carved out of the Copyright Act and given recognition to state efforts designed to prevent the copying, publication or use of unpublished writing without the author's consent. See also *Watson* v. *Buck*, 313 U.S. 387 (1941), holding that the federal copyright laws do not preclude state efforts to outlaw the combination of music copyright owners to fix prices or grant licenses.

Nor is there anything in this Court's decisions in *Sears, Roebuck & Co.* v. *Stiffel Co.*, 376 U.S. 225 (1964), and in *Compco Co.* v. *Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964), that indicates that patents and copyrights are so exclusively and pervasively federal in nature as to exclude state controls even as to subjects or aspects that lie outside the federal legislative scheme. Both *Sears* and *Compco* were concerned solely with products that were the subjects of federal concern and were susceptible to whatever protection federal patent law alone might provide; and the products that were there copied had simply failed to pass muster under established federal patent standards. Hence the Court in those cases had no occasion to rule on the pre-emptive reach of federal patent or copyright law as respects products that fell completely out-

side the reach of that law.[3] Fairly read, the language of the *Sears* and *Compco* opinions lends no support whatever to the notion that the constitutional or congressional copyright scheme is so pervasive, so dominant, so intolerant of any and all state regulation as to render unconstitutional an effort by the State of California to protect sound recordings against unauthorized appropriation. Particularly is that true at a time when Congress had excluded sound recordings from any possible copyright protection.

What the Court did say in the *Sears* opinion respecting the exclusiveness of federal patent laws serves to reinforce the conclusion that the Court did not mean to imply that such exclusiveness is all-pervasive. The Court there said, 376 U. S. at 230-231:

> Thus the patent system is one in which uniform federal standards are carefully used to promote invention while at the same time preserving free competition. Obviously a State could not, consistently with the Supremacy Clause of the Constitution, extend the life of a patent beyond its expiration date or give a patent on an article which lacked the level of invention required for federal patents. To do either would run counter to the policy of Congress of granting patents only to true inventions, and then only for a limited time. Just as a State cannot encroach upon the federal patent laws directly, it cannot, under some other law, such as that forbidding unfair competi-

[3] Some lower courts have suggested that federal pre-emption extends to anything that constitutionally could be included within the Copyright Act. *Cable Vision, Inc.* v. *KUTV, Inc.*, 335 F.2d 348 (9th Cir. 1964), cert. denied, 379 U.S. 989 (1965); *C.B.S.* v. *DeCosta*, 377 F.2d 315 (1st Cir. 1967), cert. denied, 389 U.S. 1007 (1967). But this Court has never made that determination, and the denial of certiorari in those cases cannot be construed as approval by this Court of the suggestion contained in the lower court opinions.

> tion, give protection of a kind that clashes with the objectives of the federal patent laws.

What the Court was obviously saying was that a State may not directly or indirectly encroach upon the subjects or the objects of the federal patent laws. When, by virtue of those federal laws, an article is either protected or unprotected, a State may not act so as to change that article's status.

To reiterate, both *Sears* and *Compco* involved, as a starting premise, an article that was subject to the federal patent laws. Both the pole-lamp and the reflector there involved were entitled to patents if the federal standards of invention were satisfied. Only because those standards were not met did the articles lose their patentability and thus fall into the public domain, to be freely copied. It was in that context that the Court concluded in *Sears,* 376 U. S. at 232-233, that "because of the federal patent laws a State may not, when the article is unpatented and uncopyrighted, prohibit the copying of the article itself or award damages for such copying." Or, as reiterated in *Compco,* 376 U. S. at 237, "when an article is unprotected by a patent or a copyright, state law may not forbid others to copy that article," since to forbid copying in these circumstances "would interfere with the federal policy, found in Art. I, § 8, cl. 8, of the Constitution and in the implementing federal statutes, of allowing free access to copy whatever the federal patent and copyright laws leave in the public domain."[4]

---

[4] While the Court in *Sears* and *Compco* was dealing only with unpatented articles, the numerous references in the two opinions to both patents and copyrights make it plain that, at least by *dicta,* the same type of exclusiveness adheres to the federal copyright system as was found to mark the federal patent system. See *Sears,* 376 U.S. at 225, 229, 232; *Compco,* 376 U.S. at 237.

Thus the exclusiveness of the federal copyright systems concerns only those copyrightable articles that fall either within or without the public domain by virtue of the application and operation of the federal copyright laws. Completely left untouched by the supremacy concepts dealt with in *Sears* and *Compco* are those articles—like sound recordings fixed prior to February 15, 1972—that Congress had not seen fit to subject to its copyright laws. As to such uncopyrightable articles it may fairly be asked how they come within any pervasive federal scheme respecting copyrights. Congress had refused at all relevant times to extend any copyright protection to them, but at the same time Congress had made no direct or indirect pronouncement that these articles are to be deemed in the public domain. They certainly cannot be said to have fallen in the public domain by virtue of a determination that, as was true of the lighting fixtures in *Sears* and *Compco,* they were unable to meet the federal standards fixed by applicable copyright or patent laws. *Sears* and *Compco* make plain that under the federal scheme an article failing to meet the standards of patentability is deemed to be in the public domain and hence may be freely copied. But those decisions did not say that all articles that totally fall outside the ambit of the federal patent and copyright laws are necessarily in the public domain *as a matter of federal policy.*

The short of it is that prior to February 15, 1972, there was no federal copyright scheme or policy respecting sound recordings. Federal law was at that time silent. And to permit a state law to outlaw during that pre-1972 period the copying of an uncopyrightable article—uncopyrightable because Congress had not permitted it to be copyrighted under any circum-

stances—cannot be said in the words of the *Sears* opinion to "permit the State to block off from the public something which federal law has said belongs to the public." 376 U.S. at 232. Federal law did not say, at least prior to 1972, that the creative and developmental efforts involved in the production of sound recordings belong to the public, to be freely copied at will whenever federal copyright standards had not been met.

Thus at a time when Congress had failed to exercise its copyright power respecting sound recordings, the three critical tests employed by this Court to determine the supremacy of federal law have not been met. An application of those criteria, as summarized in *Pennsylvania* v. *Nelson,* 350 U. S. 497, 502-506 (1956), and repeated heretofore (p. 8, *supra*), shows:

(1) The scheme of federal copyright protection prior to 1972, by virtue of its deliberate and total omission of phonograph or sound recordings, was not "so pervasive as to make reasonable the inference that Congress left no room for the States to supplement it," as California here sought to do.

(2) The failure of Congress to interest itself prior to 1972 in the matter of sound recordings precludes any conclusion that the federal copyright law at that time touched the field of sound recordings in any meaningful manner. There can be no suggestion that during the period of petitioners' piratical activities the federal interest in sound recordings was "so dominant that the federal system [must] be assumed to preclude enforcement of state laws on the same subject." Cf. *Rice* v. *Santa Fe Elevator Corp.,* 331 U. S. 218, 220 (1947).

(3) Finally, and quite obviously, enforcement of Section 653h of the California Criminal Code at any

time prior to February 15, 1972, cannot present "a serious danger of conflict with the administration of the federal program." *Pennsylvania* v. *Nelson,* 350 U. S. 497, 505 (1956). As respects sound recordings there was no federal program to be administered prior to February 15, 1972.

Pre-emption, then, is constitutionally justifiable only in the interest of preserving an existing superior federal interest in a given matter, as expressed by Congress. As early as *Gibbons* v. *Ogden,* 9 Wheat. 1, 211 (1824), Chief Justice Marshall stated the governing principle of the Supremacy Clause to be the invalidation of "acts of the State Legislatures . . . [which] interfere with, or are contrary to the laws of Congress, made in pursuance of the constitution." And when Congress has made no law in pursuance of its copyright power there can be no interference possible from a state legislative act touching upon such a copyright matter. Section 653h must therefore be deemed fully valid as applied to actions occurring before any enactment of federal copyright protection respecting sound recordings.

But there is an additional and equally compelling reason why pre-emption does not outlaw Section 653h in these circumstances. Even assuming that there was some federal copyright interest in sound recordings prior to 1972, though unexpressed by statute, there is nothing in the pre-emption doctrine as interpreted in the *Sears* and *Compco* cases that would render California's enforcement of Section 653h inconsistent with any such federal interest or policy.

Critical to any understanding of the constitutional reach of the federal copyright interest is the principle recognized by this Court in *Ferris* v. *Frohman,* 223

U. S. 424, 437 (1912): "It was not the purpose or effect of the copyright law to render secure the fruits of piracy." And there is no hint or suggestion in either the *Sears* or the *Compco* opinion that the federal patent interest, there held to be pre-emptive, was of such a nature as to render ineffective any state effort to punish unlawful and unauthorized appropriations, otherwise known as the "fruits of piracy."

The federal interest in patent or copyright matters, as precisely defined in *Sears* and *Compco,* is that which precludes a State from directly or indirectly preventing "the copying of an article which represents too slight an advance to be patented" and "too lacking in novelty to merit any patent at all under federal constitutional standards." *Sears,* 376 U. S. at 231-232. And the key to an application of this overriding federal interest is this notion of *copying or using.* If an article is entitled to a patent or copyright, the federal policy protects the owner for a given period of time against others *copying or using* that article, while if the article is not entitled to a patent or copyright the public is free to *use or copy* that article at will and the States may not otherwise provide. The very essence of the federal patent system, said the Court in *Special Equipment Co.* v. *Coe,* 324 U. S. 370, 378 (1945), is this "right to exclude others from using it [the invention]."

But appropriating the fruits of the labor of others and transforming those fruits into an entirely dissimilar form from that which is the embodiment of the federal interest is something quite different, and constitutionally different, from copying or using the identical article that is subject to the patent or copyright laws. When an additional element of deception,

appropriation or piracy enters the picture then new and different considerations come into play and as to those new elements the States may be constitutionally free to legislate or proscribe without running afoul of the superior but narrow federal interest.

Sears and *Compco* make that point crystal clear. In *Sears,* 376 U. S. at 238, the Court took pains to emphasize that the federal interest does not take from the States "power to impose liability upon those who, knowing that the public is relying upon an original manufacturer's reputation for quality and integrity, deceive the public by palming off their copies as the original." In *Compco,* 376 U. S. at 232, the Court reiterated that "Doubtless a State may, in appropriate circumstances, require that goods, whether patented or unpatented, be labeled or that other precautionary steps be taken to prevent customers from being misled as to the source, just as it may protect businesses in the use of their trademarks, labels, or distinctive dress in the packaging of goods so as to prevent others, by imitating such markings, from misleading purchasers as to the source of the goods." And the *Sears* opinion further pointed, 376 U. S. at 231, fn. 7, to the continuing power of the States to protect unpublished writings—a matter obviously deemed unaffected by the federal copyright power.

It is further instructive to note that the Court in *Sears-Compco* did not mention, distinguish or overrule its prior decision in *International News Service* v. *Associated Press,* 248 U. S. 215 (1918), the leading case affording a common law remedy for misappropriation of copyrightable material. The opinion in *International News Service* exhibited complete awareness of the copyright provisions of the Constitution and the

provisions of the federal Copyright Act. Carefully noting that its determination was not affected by any "showing that the benefits of the Copyright Act have been waived," 248 U. S. at 235, the Court found its allowance of relief for misappropriation to be consistent with the federal constitutional and statutory concepts governing copyrights. Nothing therein was thought to preclude protecting the Associated Press' interest in the "expenditure of labor, skill, and money" involved in the acquisition of written news material in a situation where an appropriator of that material sought "to reap where it has not sown." 248 U. S. at 239. The *Sears-Compco* studied omission of any mention of the *International News Service* ruling strongly suggests that the Court found no reason to dispute the continuing efficacy of that decision.[5]

Certainly nothing in the *Sears-Compco* decisions is conceptually at war with the principles of *International News Service,* principles which exclude from the federal copyright arena any superior concern with the misappropriation of the work products involved in copyrightable matter. Such misappropriation must be deemed subject to whatever sanctions a State may otherwise properly impose.

---

[5] The First Circuit's suggestion in *C.B.S.* v. *DeCosta,* 377 F.2d 315, 318 (1967), that the *International News Service* decision "has clearly been overruled" by the *Sears* and *Compco* decisions is a most dubious one. The Supreme Court was certainly aware of its prior *International News Service* ruling when it decided the *Sears* and *Compco* cases, and had it thought that the prior ruling was clearly inconsistent with its determinations in those cases it would likely have said so. The more reasonable assumption is that the Court felt that the *International News Service* concepts were both dissimilar to and consistent with those dealt with in *Sears-Compco* and that it was unnecessary to discuss or mention the earlier concepts in defining the narrow area of federal copyright preemption.

And so when Section 653h of the California Penal Code penalizes the willful transfer of sounds on a phonograph record, tape or film to some other "article on which such sounds are so transferred," with intent to sell that article for profit without the consent of the owner of the original recording, California is exerting its penal thrust upon an unlawful appropriation of the efforts of those who produced the original recording. California is *not* seeking to proscribe an exact copying of the sound recording in a form and shape that might lend itself—were the recordings in question copyrightable—to protection under the federal copyright laws. All that it is doing in Section 653h is placing sanctions on a form of unfair competition or misappropriation of the efforts of others—within the basic meaning of the *International News Service* rationale. That effort by California is not constitutionally forbidden under the Supremacy Clause, as the rationale of the *Sears* and *Compco* decisions makes plain.

Significantly, a host of judicial decisions rendered after the *Sears* and *Compco* rulings have recognized this vital distinction between copying and appropriation and have granted non-federal relief to those who have been victimized by misappropriation. See, e.g., *Greater Recording Co.* v. *Stambler,* 144 U. S. P. Q. 547 (N. Y. Sup. Ct. 1965); *Capitol Records, Inc* v. *Greatest Records, Inc.,* 43 Misc. 2d 878, 252 N. Y. S. 2d 553 (Sup. Ct. 1964); *Flamingo Telefilm Sales, Inc.* v. *United Artists Corp.,* 141 U. S. P. Q. 461 (N. Y. Sup. Ct. 1964), rev'd on other grounds, 22 App. Div. 778, 254 N. Y. S. 2d 36 (1964); *Bond Buyer* v. *Dealers Digest Publishing Co.,* 267 N. Y. S. 2d 944 (1966); *Capitol Records, Inc.* v. *Erickson,* 2 Cal. App. 3d 526 (1969), cert. denied, 398 U. S. 960 (1970); *Grove Press, Inc.* v. *Collectors*

Publications, Inc., 264 F. Supp. 603 (C. D. Cal. 1967); *KMLA Broadcast Corp.* v. *Twentieth Century Cigarette Vendors Corp.*, 264 F. Supp. 35 (C. D. Cal. 1967). This Court should likewise recognize that distinction and thereby sustain the constitutional validity of Section 653h, insofar as the Supremacy Clause is concerned.

2. The nationwide and deleterious scope of unauthorized tapings of musical sound recordings fully justifies the exercise of California's police power to penalize such actions.

This proceeding relates to a problem of vital concern to the general public, the recording industry and the countless thousands of recording artists and musicians. This problem, which has impelled the filing of this *amici curiae* brief, is one of blatant piracy, of obtaining a free and profitable ride on the efforts and talents of others. And it is to that problem that Section 653h of the California Penal Code addresses itself.

The brief of the petitioners (pp. 4-5) openly proclaims that the petitioners purchased recorded performances on the open market, made their own tape recordings of the said performances and then sold their taped recordings to the public with their own labels—all without obtaining the consent of the record manufacturer or the performing artists. The only fee or compensation paid by the petitioners for this admitted piratical conduct was the 2-cent compulsory licensing fee paid the composer of the musical composition, as required by 17 U. S. C. § 1(e). Nothing was paid to the musician or singer whose talents have been lent to the tapes sold by the plaintiffs; nothing was paid to the manufacturer of the record from which the taped recording is derived.

Some idea of the nationwide scope and importance of this practice is to be seen in the remarks of Representative (now Senator) John V. Tunney, inserted in the Congressional Record (p. E1760) on March 9, 1970:

"The recording industry in America is immense. Its impact is felt throughout our country and the world. American music has bridged the continents, crossed the Iron Curtain, and defeated the language barrier. For many people, our music represents our country; our artists represent our people. In short, it is an aspect of American industry that has long been overlooked and underestimated. Unfortunately, today, the recording industry is in the throes of a major crisis, one that threatens its very base, its stability.

"This is the result of a nationwide counterfeiting process that has enveloped the industry and has drastically curtailed the incomes of both artists, composers, publishers, and producers. A counterfeiting process that might well destroy some individual record producers as well as negate any chance at financial success that some artists have only once in their life time, for many bitter years of deprivation go into the making of an overnight success. The total income of the recording industry last year was nearly $1,100 million. In this same year, there were more than $186 million worth of counterfeit records that were processed and sold through the tapings of unauthorized personnel. And it is believed that another $50 million worth of fraudulently duplicated tape cartridges of fully one-half of the industry out put are pirated and sold to the unsuspecting consumer, who unwittingly becomes a member of the long list of victims already enumerated. This counterfeiting figure encompasses only the cases that the industry knows of; untold millions are

probably counterfeited each year without its knowledge. Tape cartridges and records can be reproduced and sold by anyone with a little ingenuity, a tape recorder and a few other resources."

Congressman Tunney's statistics as to the scope of the counterfeiting phenomenon are expanded and supplemented by the facts set forth in the *amicus curiae* brief submitted to this Court by the Record Industry Association of America, Inc. See pp. 3-16 thereof. But taking Congressman Tunney's statistics alone it is clear that the approximate sale value of unauthorized tapings annually comes to $236,000,000—an amount nearly equal to the value of the sale of authorized tapes, which is at least $250,000,000. And the value of the unauthorized tapings, as Congressman Tunney noted, encompassed "only the cases that the industry knows of." There are undoubtedly millions of additional dollars accruing to the purveyors of pirated tapings that are unknown to the legitimate industry and that escape statistical computation. In sum, it can be said that over the past twenty years, during which this counterfeiting process has been spawned and proliferated, legitimate manufacturers of records have been deprived of billions of dollars in income and royalties. And all such lost revenues, plus more, have gone into the pockets of the counterfeiters, of those who feel no compunctions in appropriating freely the talents and the efforts of others.

But the commercial losses suffered by the legitimate recording industry are only a part of the injuries flowing from the unauthorized appropriation of musical recordings. The legitimate recordings themselves, plus the sales of such recordings, generate not only profits for the manufacturers and distributors but form the

basis for the fees and royalties of the musicians and vocalists whose artistic talents are the very essence of the recordings. And when those recordings are pirated and the unauthorized tapes are sold, these artists are deprived of the compensation for their talents and efforts that the recordings and sales were designed to measure.

Some idea of the substantial extent of the losses suffered by these artists as the result of record piracy can be gained from statistics compiled by the *amici curiae* herein dealing with the artistic revenues obtained legitimate recordings and sales. Thus at the present time approximately 1500 featured musical artists, who are members of the American Federation of Musicians, have outstanding contracts with legitimate recording companies, from which they derive royalties computed on the basis of 5% to 10% of a 90% sales figure. About 300 new contracts of this nature are entered into each year. While not all pirated recordings necessarily involve featured musical artists, a substantial proportion do feature such artists. And when that fact is combined with the known and estimated sales of pirated recordings it is fair to conclude that, utilizing the sales figures and the contract percentage figures, the featured musical artists lose approximately $10,000,000 per year as a result of the sales of tapes of their appropriated talents.

Similarly, in 1969 vocal artists who are members of the American Federation of Television and Radio Artists derived more than $11,700,000 in performing fees and record royalties by virtue of contracts with legitimate recording companies. These contracts covered thousands of performances and related to the

compensation of both featured stars and scale performers. While precise analysis is not possible in view of the unknown scope of the piratical activities, it is possible to project from the known figures and estimates a loss to these performers in 1969 alone of at least $7,000,000 in royalties.

In addition, the legitimate sales of records in fiscal 1969, in accordance with contracts between the American Federation of Musicians and the legitimate recording industry, produced approximately $7,500,000 for the Music Performance Trust Funds and more than $5,000,000 for the Special Payments Fund. The $7,500,000 amount, paid in by the industry on the basis of record sales, was utilized to provide the public with free live musical performances throughout the United States, some 600,000 performance checks being issued to the performing musicians.[6] The amount in the Special Payments Fund was disbursed to approximately 18,000 members of the American Federation of Musicians as compensation in the nature of royalties for having performed at musical recording sessions. The additional amounts that would have accrued to these two Funds but for the sales of unauthorized tapes are incalculable but most certainly total in the millions of dollars annually.

And so the far-reaching nature and impact of the tape piracy practice cannot be denied. The public is deceived into thinking that it is purchasing tapes of musical performances for which the musical and vocal artists, as well as the recording manufacturers, have

[6] In the 22 fiscal years of the existence of the Music Performance Trust Funds, 1950-1971, over $99,900,000 has been allocated and spent for live musical performances for the public. 45th Semi-annual Report and Statement of Trustee (Sept. 30, 1971) p. 3.

received appropriate compensation for their talents and have in some way authorized the taped versions. And the public is further deprived of the benefits of the free live concerts that would result from the royalty payments that should have, but did not, ensue from the sale of the taped recordings. But far more tangible injuries have occurred to those producers, manufacturers, distributors, musicians and vocalists who combined their efforts to produce the recordings, only to have them pirated and sold for the sole profit of others. For them, the injuries are measured by the millions if not the billions of dollars over the years. Perhaps most poignant of all is the insult to the musical integrity of the recording artists, whose ability to afford pleasure to the public is boundless but whose capacity to derive a fair corresponding profit for exercising that ability is extremely limited. To permit free appropriation of their talents is to further dilute the effectiveness of the hard-won property rights of the musical artists in their artistic achievements.

Such, then, is the context in which the validity of Section 653h of the California Penal Code must be viewed. Los Angeles being one of the major recording centers of the nation, the impact of that section upon the counterfeiting process will be significant if it passes constitutional muster. And by the same token, a determination that Section 653h is constitutionally invalid would have a significant and indeed a deleterious effect upon the general public and upon those whose efforts and talents are reflected in sound recordings.

Such considerations, *amici curiae* suggest, fully justify the exercise of California's police power to outlaw and penalize these piratical practices. No countervailing considerations of public policy are apparent to

support the misappropriation of the talent and work of these artists and manufacturers. Because the justification for the exercise of California's police power is so plain and because no superior federal copyright interest is involved in the circumstances of this case, Section 653h must be deemed constitutional.

CONCLUSION

For the foregoing reasons, as well as those set forth in the brief of the respondent State of California, *amici curiae* submit that Section 653h of the California Criminal Code constitutes a valid exercise of that State's police power. The judgment below should be affirmed.

Respectfully submitted,

HENRY KAISER
EUGENE GRESSMAN
RONALD ROSENBERG
1828 L Street, N.W.
Washington, D.C. 20036
Counsel for American Federation of Musicians.

MORTIMER BECKER
15 Columbus Circle
New York, N.Y. 10023
Counsel for American Federation of Television and Radio Artists.